

# source

Your single source of Cirilium fund information

- Further steps to economic recovery
- Tax efficient income in retirement
- Cirilium Fund Update

“ 2011 - The slow road to recovery ”



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Your single source of Cirilium fund information

## Further steps to economic recovery



**Paul Craig Henderson**  
Global Investors

> 2011 is likely to be a further step in an unusually slow recovery rather than an economic train crash

Global equity markets closed 2010 in a festive mood. December was the strongest month for the year, with the FTSE All Share rising 7.1% whilst the S&P 500 index gained 6.1%. Aside from year-end 'window dressing' by portfolio managers, a tangible reason for this market strength was further evidence that the global economic recovery is continuing.

In particular, global manufacturing Purchasing Managers Indices (PMI) continued their rebound from the weak patch experienced between April and September, whilst in the US unemployment claims based on a four week average fell to 414,000 - some 36% below the recession peak.

There is a growing expectation that the more robust economic growth will be reflected in corporate earnings, and analysts' forecasts are being revised up with First Call's earnings revision index rising to 61.2% in December from a recession low of 16.8%.

Against this backdrop, all four Cirilium Funds performed well in absolute terms although relative to the broader index and peer group we were off the pace. This does not reflect a negative stance; on the contrary, we have maintained a full weighting in risk assets throughout much of the year. Rather, we have been increasing exposure to absolute return strategies and out of favour sectors to mitigate volatility and position for a broadening in the equity market rally.

These two strategies have held back performance in the short-term but we expect both to prove beneficial over the longer-term. Where we have been more cautious has been within our fixed interest portfolios, specifically government bonds. That has not stopped us looking for opportunities and a new holding in Electra 5% CULS yielded strong returns during the month. In addition, we added a specialist reinsurance fund, which we expect to outperform bonds but without taking excessive risk. Elsewhere, investment activity was relatively muted.

Looking forward, 2011 is likely to be a further step in an unusually slow recovery rather than an economic train crash that many had been expecting. There is even the possibility that the economic cycle will surprise on the upside, helped by the recent additional stimulus measures in the US as well as a delayed response to the exceptionally low level of interest rates in place since 2008. Companies have generated cash but have hesitated to distribute it or invest.

Both factors could be set to improve as the recovery lengthens and confidence grows in the global authorities' intention to avoid a relapse into recession. That said, it is in the nature of markets to worry about something new as soon as their existing anxieties are assuaged, so we remain vigilant and continue to look for new ideas and ways to mitigate risk.



“ We are positioned for a broadening in the equity market rally ”



# Tax efficient income in retirement

“ People are living longer, so early planning for a long retirement is essential ”

For most investors, the main aim is to invest over the medium to long term to provide a sufficient amount of money to plan for happy retirement. When we reach retirement the need then moves predominantly to income, as we wish to at least maintain the standard of living we had during our working life.

There are a number of 'tax wrappers' where we can put our money and create good growth potential and tax efficiency in retirement when taking an income.

#### Bank/Building Society

The most popular place where we put our money, providing immediate access to funds without penalty. However low interest rates (Bank of England base rate 0.5%) combined with inflation (currently 3.7% December 2010) may well be affecting returns. Is keeping all of your money in one place the right strategy?

#### ISAs

Perhaps the most tax-efficient savings vehicle still available. Any UK resident aged 18 and over can contribute £10,200 in the current tax year and all proceeds are currently **tax-free**. You can choose to invest into a Cash or Stocks and Shares version of the ISA or a combination of both, and both versions can provide you with **tax free income and growth both now and in retirement**. Contributions could start from as little as £10 a month and can be made on a monthly or lump sum basis.

#### Pensions

The ability to invest and receive tax relief on the contributions going in, and then receive a tax-free lump sum at retirement, is too good an opportunity to miss.

To explain this if you want to pay \*£100.00 a month into a pension contract you only pay £80.00. You will then receive tax relief of £20.00 from the government that your pension provider will claim on your behalf. So you pay £80.00 and you have £100.00 invested – not a bad deal!

When you have built up a retirement pot under your pension, when you reach your chosen retirement age you can currently take a **tax free lump sum equal to 25%** of the value of your fund. You can then choose to take the remainder of your pension pot to help supplement your income in retirement.

#### Investment Bonds

A lump sum vehicle which is designed to provide growth over the medium to long term with an ability to take an income. The Bond will allow you to take 5% of the original investment each year with no immediate tax to pay. Moreover should you not take these withdrawals you can carry them forward and use them at a later date.

#### Summary

This is just a quick run through of some of the options available to help you plan for your retirement. To ensure you have the best chance of enjoying your 'long holiday, speak to your financial adviser about the right solution for you.



## Cirilium performance and quartile ranking

as at 31 December 2010

Fund	3-months	6-months	YTD 2010	1-year	2-year	2009	Since Launch*
Cirilium Cautious	5.12 (1)	10.54 (2)	12.80 (1)	12.80 (1)	42.44 (1)	26.27 (1)	20.36 (1)
IMA Cautious Managed Sector Average	3.16	9.04	9.01	9.01	26.80	15.64	9.87
Cirilium Moderate	7.44 (1)	14.47 (2)	18.05 (1)	18.05 (1)	62.29 (1)	37.47 (1)	32.62 (1)
IMA Balanced Managed Sector Average	5.92	13.82	12.14	12.14	35.01	19.89	9.43
Cirilium Dynamic	9.28 (2)	17.01 (3)	21.31 (1)	21.31 (1)	74.79 (1)	44.08 (1)	27.84 (1)
IMA Active Managed Sector Average	7.99	16.22	14.27	14.27	42.55	24.21	8.78

Source: Morningstar, percentage growth, mid to mid, UK sterling, net income reinvested, to 31/12/10.

\*The Cirilium Cautious, Moderate & Dynamic funds were launched on 02/06/08.

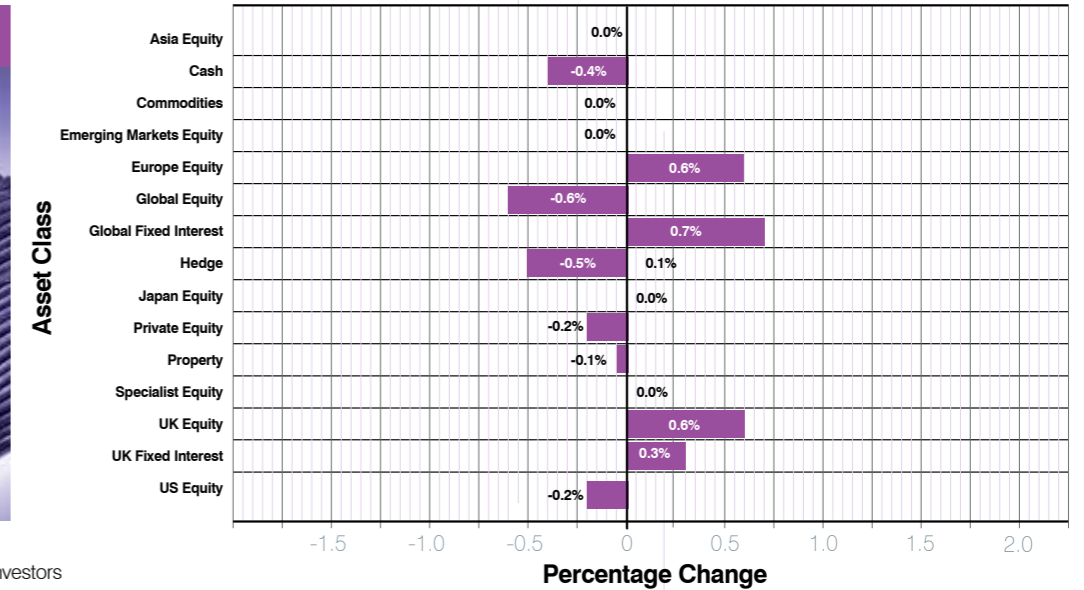
Past performance is not a guide to future performance.



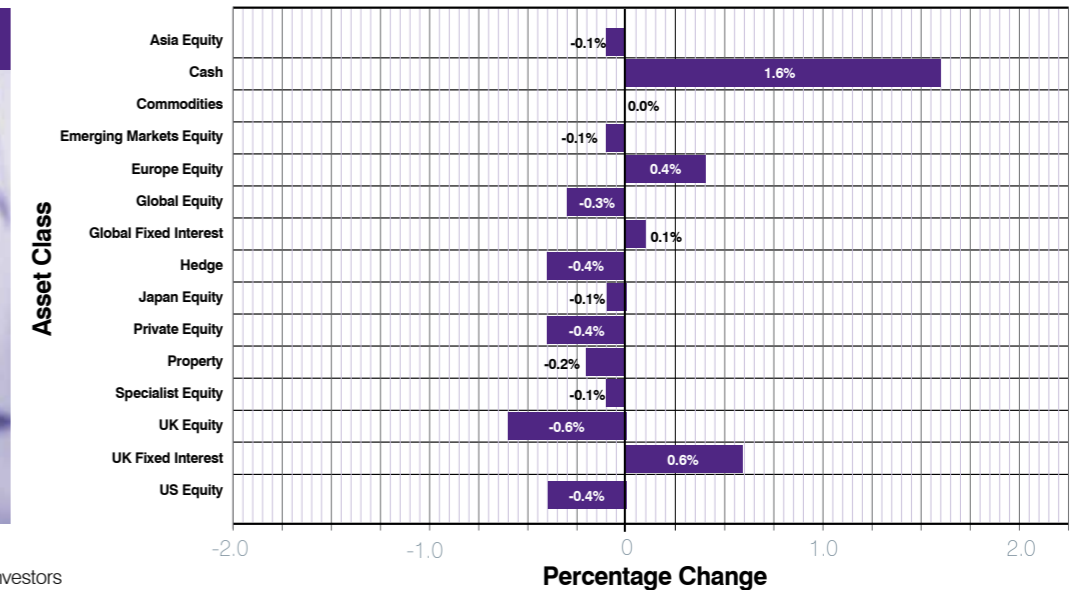
# Asset Class changes in December

	November 2010				December 2010				Change since last month			
	Income	Cautious	Moderate	Dynamic	Income	Cautious	Moderate	Dynamic	Income	Cautious	Moderate	Dynamic
<b>Equities</b>	<b>48.4%</b>	<b>49.0%</b>	<b>71.0%</b>	<b>80.8%</b>	<b>45.1%</b>	<b>49.3%</b>	<b>69.8%</b>	<b>78.1%</b>	<b>-3.3%</b>	<b>0.3%</b>	<b>-1.2%</b>	<b>-2.6%</b>
Global	6.2%	9.9%	12.8%	11.4%	5.7%	9.3%	12.6%	9.4%	-0.5%	-0.6%	-0.3%	-2.0%
UK	16.1%	12.2%	19.1%	20.7%	16.5%	12.9%	18.5%	20.9%	0.4%	0.6%	-0.6%	0.2%
Europe	8.1%	5.6%	7.3%	8.7%	8.1%	6.0%	7.7%	8.9%	0.0%	0.4%	0.4%	0.2%
US	6.3%	3.5%	5.5%	5.9%	5.7%	3.3%	5.1%	5.7%	-0.6%	-0.2%	-0.4%	-0.2%
Japan	1.4%	1.3%	2.6%	4.0%	0.0%	1.3%	2.6%	3.9%	-1.4%	0.0%	-0.1%	-0.1%
Asia	0.0%	3.9%	5.2%	5.5%	0.0%	3.9%	5.0%	5.3%	0.0%	0.0%	-0.1%	-0.2%
Emerging Markets	1.0%	3.9%	6.9%	10.7%	0.8%	3.9%	6.8%	10.7%	-0.1%	0.0%	-0.1%	-0.1%
Specialist Equity	9.3%	8.7%	11.6%	13.8%	8.3%	8.7%	11.5%	13.4%	-1.0%	0.0%	-0.1%	-0.4%
<b>Alternatives</b>	<b>9.7%</b>	<b>12.1%</b>	<b>10.7%</b>	<b>11.5%</b>	<b>9.1%</b>	<b>11.4%</b>	<b>9.8%</b>	<b>11.7%</b>	<b>-0.5%</b>	<b>-0.8%</b>	<b>-1.0%</b>	<b>0.2%</b>
Commodities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Hedge	0.0%	8.2%	4.2%	1.5%	0.0%	7.7%	3.8%	1.4%	0.0%	-0.5%	-0.4%	-0.1%
Private Equity	0.0%	1.8%	3.5%	5.8%	0.0%	1.6%	3.2%	6.2%	0.0%	-0.2%	-0.4%	0.4%
Property	9.7%	2.2%	3.0%	4.3%	9.1%	2.1%	2.8%	4.1%	-0.5%	-0.1%	-0.2%	-0.1%
<b>Cash &amp; Fixed Interest</b>	<b>42.0%</b>	<b>38.9%</b>	<b>18.2%</b>	<b>7.7%</b>	<b>45.8%</b>	<b>39.4%</b>	<b>20.4%</b>	<b>10.2%</b>	<b>3.8%</b>	<b>0.5%</b>	<b>2.2%</b>	<b>2.5%</b>
UK Fixed Interest	11.4%	11.8%	6.3%	1.3%	11.6%	12.2%	6.9%	2.0%	0.3%	0.3%	0.6%	0.6%
Global Fixed Interest	14.5%	22.0%	10.7%	6.0%	14.2%	22.7%	10.8%	6.2%	-0.3%	0.7%	0.1%	0.1%
<b>Cash</b>	<b>16.1%</b>	<b>5.0%</b>	<b>1.2%</b>	<b>0.3%</b>	<b>20.0%</b>	<b>4.5%</b>	<b>2.8%</b>	<b>2.1%</b>	<b>3.9%</b>	<b>-0.4%</b>	<b>1.6%</b>	<b>1.8%</b>
Number of holdings	31	71	78	71	31	73	78	73	0	2	0	2

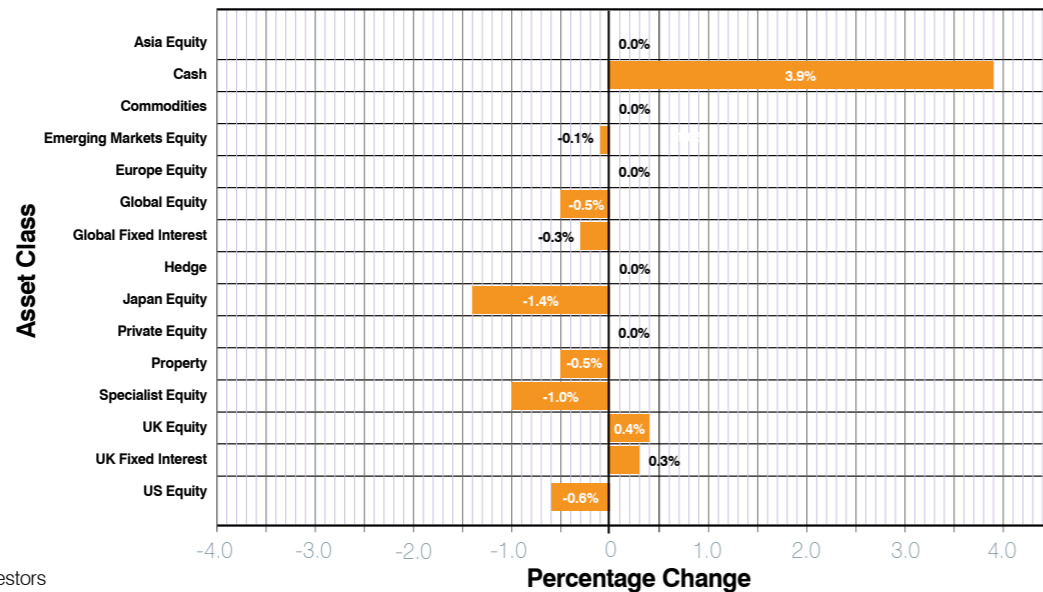
Source: Henderson Global Investors



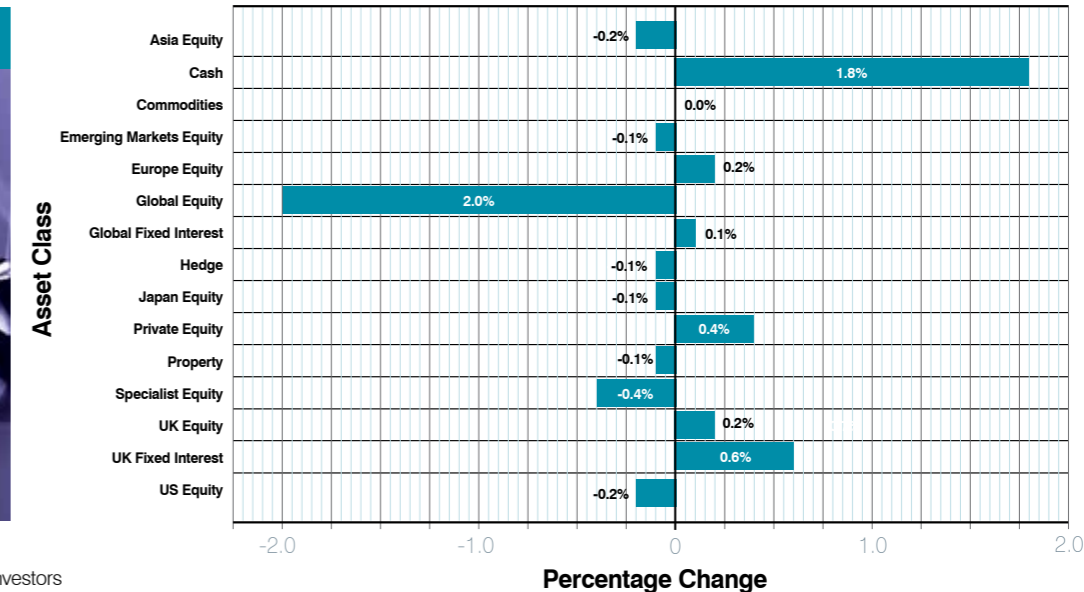
Source: Henderson Global Investors



Source: Henderson Global Investors



Source: Henderson Global Investors



Source: Henderson Global Investors



# Cirilium Income Fund

**Factsheet – December 2010**  
 Henderson Global Investors, 201 Bishopsgate, London EC2M 3AE www.henderson.com/cirilium

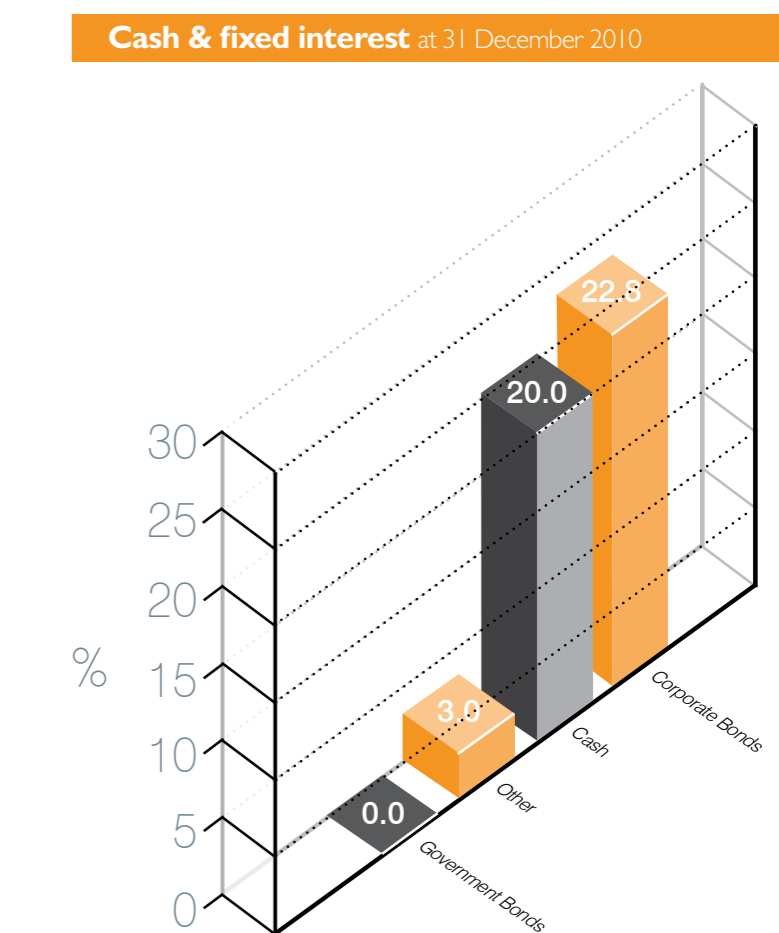
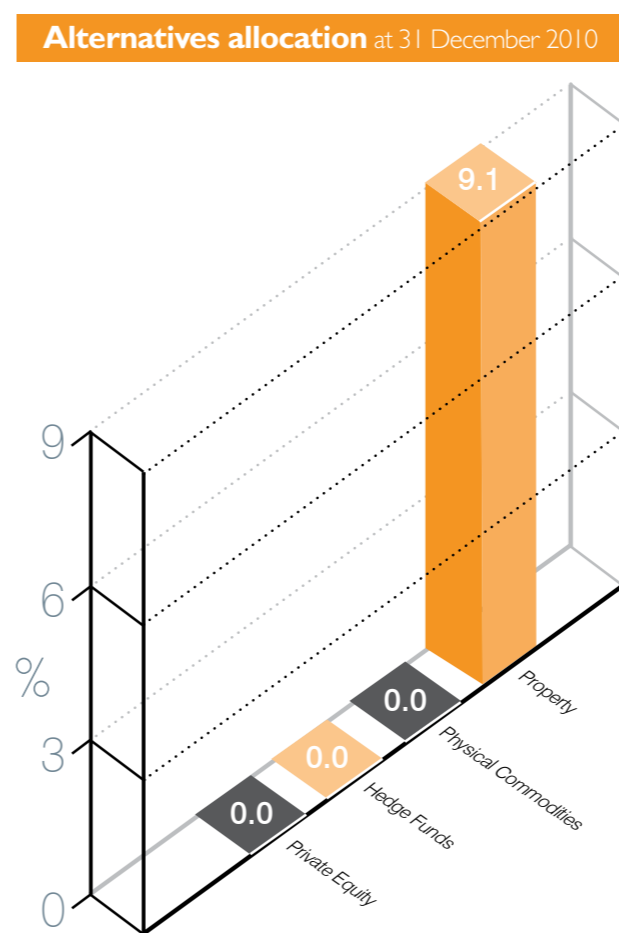
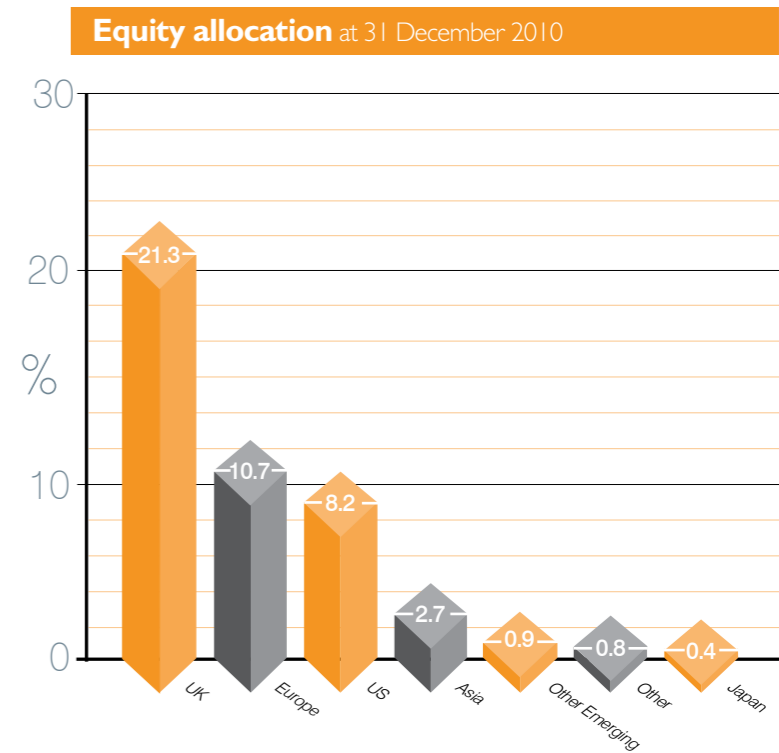
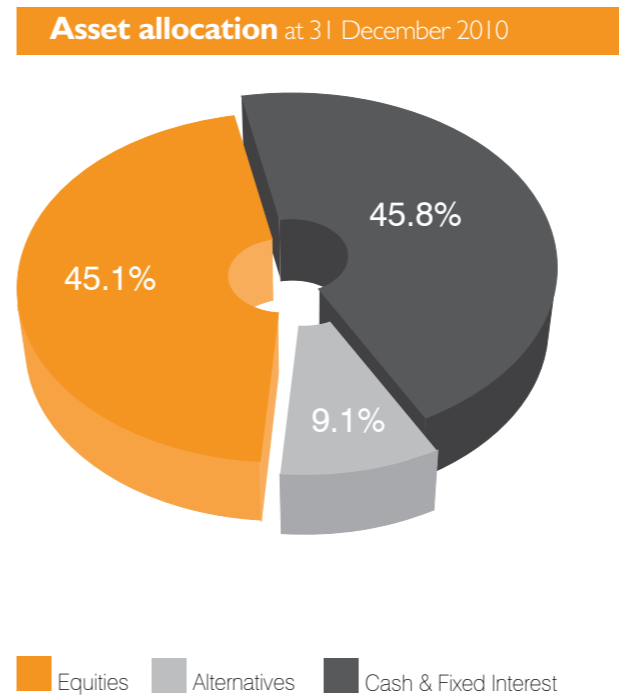
**Fund aim**  
 To provide an income in excess of the yield of the FTSE All Share Index and with the prospect for some capital growth.

**Fund facts at 31/12/10**

Launched	2 September 2010	Shares	Income
Mid price (A shares)	53.68p	Fund charges*	Initial 5.00% Annual 1.50%
Fund size	£2.2m	Sedol number	B3TK603
IMA sector	Cautious Managed	Bloomberg number	CIRSTRLN

**Top five holdings at 29 October 2010**

Equities	Alternatives	Cash & Fixed Interest
European Assets	ING UK Real Estate (Property)	Cash
Investors Capital A	F&C Commercial Property (Property)	L&G Dynamic Bond
Troy Income & Growth	TR Property Sigma (Property)	iShares USD Corporate Bond
ECOFIN Water & Power	Real Estate Investors (Property)	iShares GBP Corporate Bond
Veritas Global Income		Wesrem Asia Opportunities
<b>Total holdings 15</b>	<b>Total holdings 6</b>	<b>Total holdings 8</b>



The Financial Services Authority's rules on financial promotions do not permit the publication of past performance information unless it exists for the previous 12 months.

# Cirilium Cautious Fund

## Factsheet – December 2010

Henderson Global Investors, 201 Bishopsgate, London EC2M 3AE www.henderson.com/cirilium

### Fund aim

To achieve long-term capital growth through investment markets both in the UK and overseas. The portfolio will be cautious in that it will be broadly diversified across asset classes, but with a maximum exposure of 60% to equities.

### Fund facts at 31/12/10

Launched	2 June 2008
Mid price (A shares)	60.18p
Fund size	£135.7m
IMA sector	Cautious Managed

Shares	Accumulation
Fund charges*	Initial 5.00% Annual 1.50%
Sedol number	B2Q8V08
Bloomberg number	NSICFRA

### Top five holdings at 31 December 2010

#### Equities

- Pacific Assets
- Ruffer
- AllianceTrust
- Fidelity European
- Berkshire Hathaway B

**Total holdings 43**

#### Alternatives

- Thames River Multi Hedge (Hedge)
- Bluecrest AllBlue (Hedge)
- BH Macro (Hedge)
- Polar Capital UK Absolute (Hedge)
- Terra Catalyst (Property)

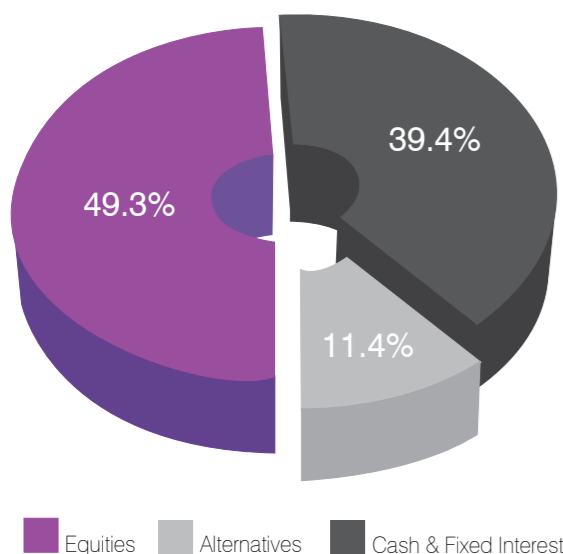
**Total holdings 10**

#### Cash & Fixed Interest

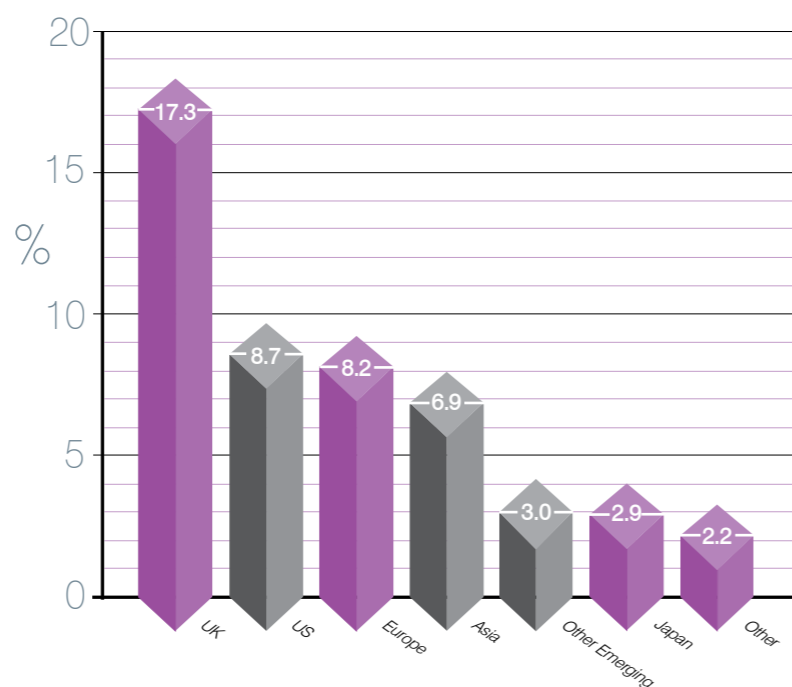
- Cash
- CG Portfolio Dollar Fund
- iShares USD TIPS
- L&G Dynamic Bond
- Western Asia Opportunities

**Total holdings 20**

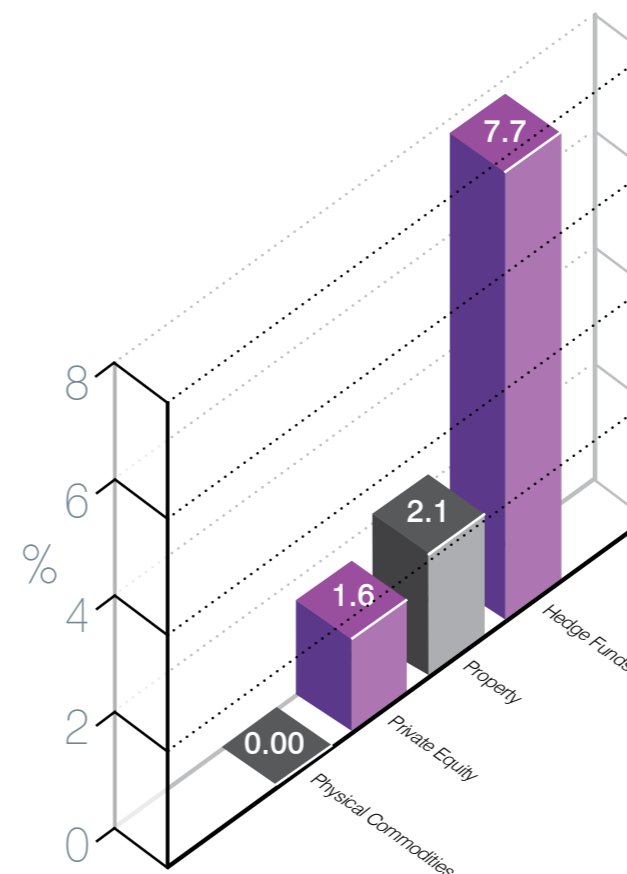
### Asset allocation at 31 December 2010



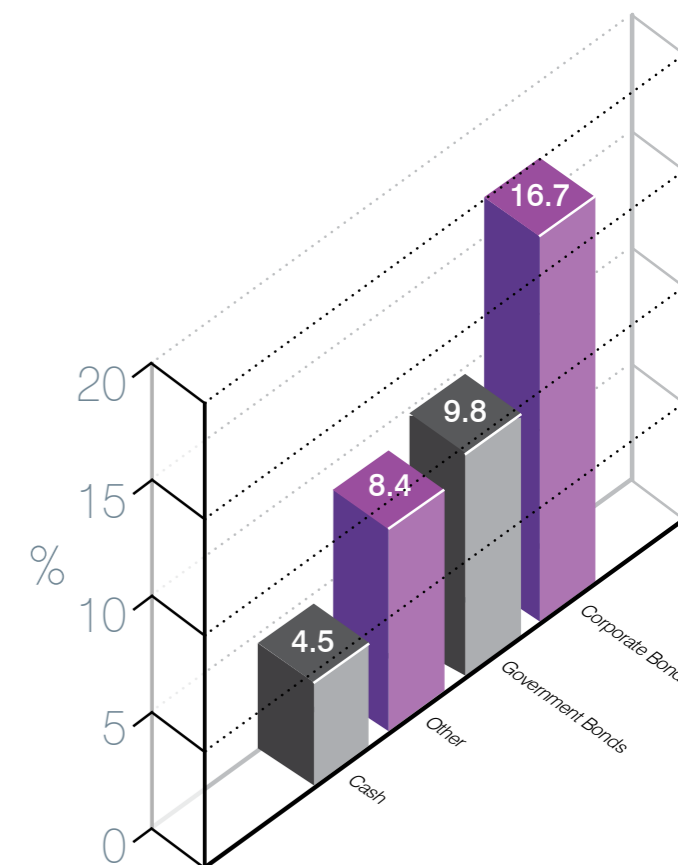
### Equity allocation at 31 December 2010



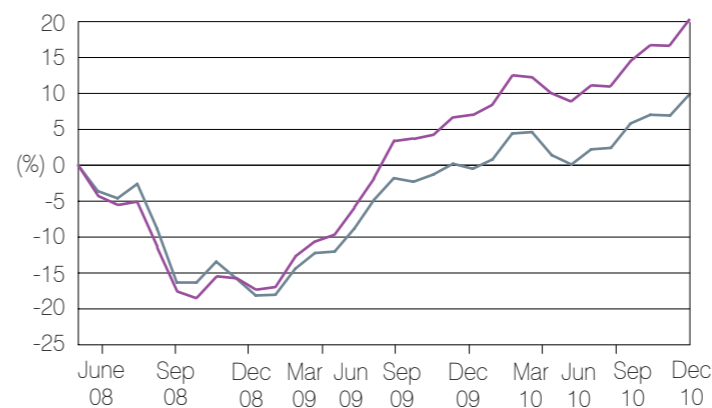
### Alternatives allocation at 31 December 2010



### Cash & fixed interest at 31 December 2010



### Performance percentage growth, UK basic rate, based in UK sterling, 2 June 2008 to 31 December 2010



- Cirilium Cautious Fund (20.4%)
- IMA Cautious Managed (9.9%)

Source: Morningstar, mid-mid, net income reinvested.

### Cumulative performance to 31 December 2010

	Fund % change	Sector % change	Quartile‡
3 months	5.1	3.2	1st
6 months	10.5	9.1	2nd
12 months	12.8	9.1	1st
Since launch 02/06/08	20.4	9.9	1st

Source: Morningstar, mid-mid, UK sterling, net income reinvested.

### Discrete performance to 31 December 2010

	Fund % change	Sector % change	Quartile‡
30/12/2009 to 29/12/2010	12.8	9.1	1st
31/12/2008 to 30/12/2009	26.3	16.3	1st
31/12/2007 to 31/12/2008	n/a	-15.7	n/a
29/12/2006 to 31/12/2007	n/a	1.4	n/a
31/12/2005 to 29/12/2006	n/a	7.1	n/a

Source: Morningstar, mid-mid, UK sterling, net income reinvested. ‡ 1st quartile means the fund is in the top 25% of funds in this sector.

Past performance is not a guide to future performance. \* See back cover.

# Cirilium Moderate Fund

## Factsheet – December 2010

Henderson Global Investors, 201 Bishopsgate, London EC2M 3AE www.henderson.com/cirilium

### Fund aim

To achieve long-term capital growth through investment markets both in the UK and overseas. The portfolio will be moderate in that it will be broadly diversified across asset classes, but with a maximum exposure of 80% to equities.

### Fund facts at 31/12/10

Launched	2 June 2008	Shares	Accumulation
Mid price (A shares)	63.31p	Fund charges*	Initial 5.00% Annual 1.50%
Fund size	£286.7m	Sedol number	B2Q8TP9
IMA sector	Balanced Managed	Bloomberg number	NSIMFRA

### Top five holdings at 31 December 2010

#### Equities

- Pacific Assets
- Berkshire Hathaway B
- Alliance Trust
- Fidelity Special Values
- Worldwide Healthcare Trust

**Total holdings 51**

#### Alternatives

- Polar Capital UK Absolute (Hedge)
- Bluecrest AllBlue (Hedge)
- Terra Catalyst (Property)
- Graphite Enterprise (Private Eq)
- BH Macro (Hedge)

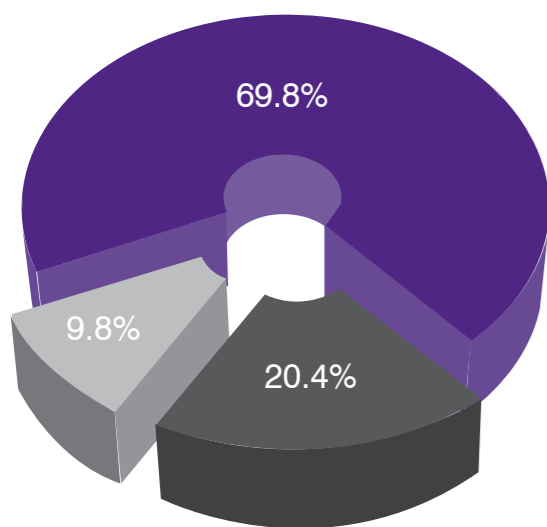
**Total holdings 11**

#### Cash & Fixed Interest

- Cash
- L&G Dynamic Bond
- CG Portfolio Dollar Fund
- Barclays FX Elements Fund
- Barclays GEMS Fund

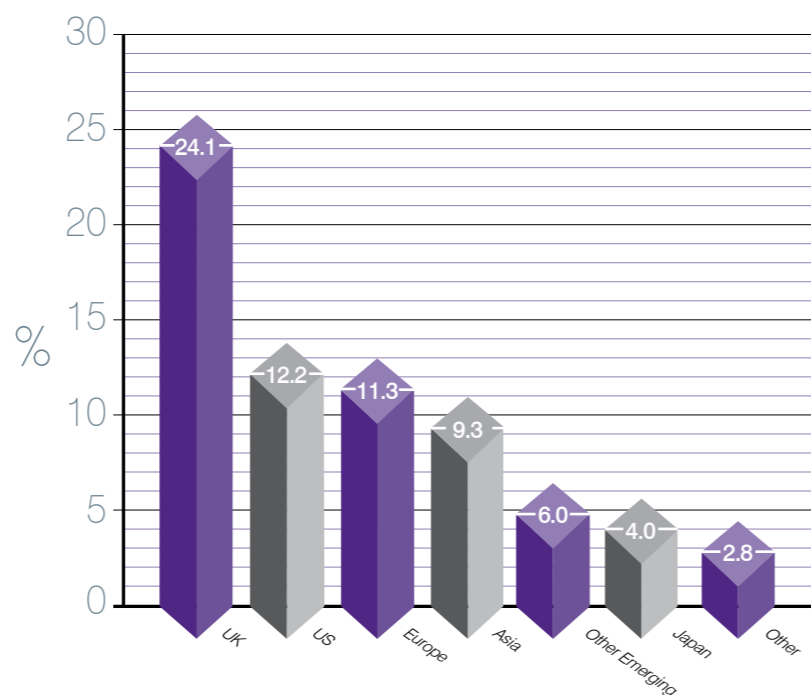
**Total holdings 16**

### Asset allocation at 31 December 2010

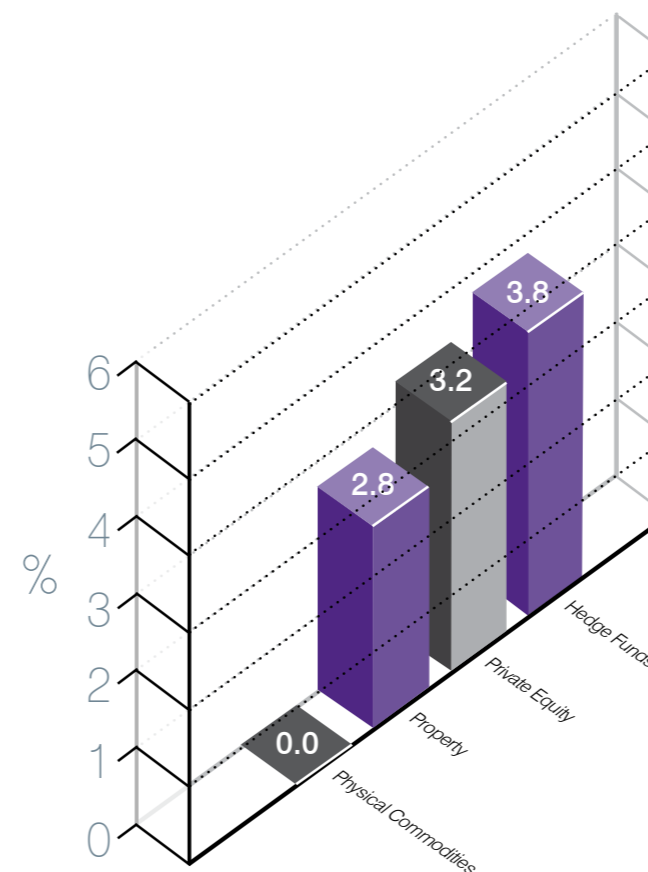


Equities Alternatives Cash & Fixed Interest

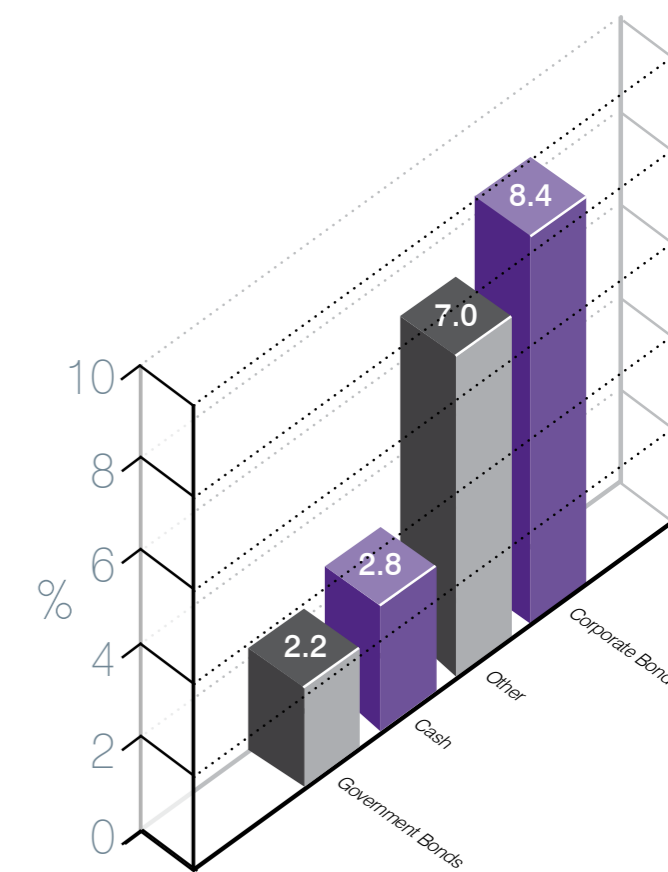
### Equity allocation at 31 December 2010



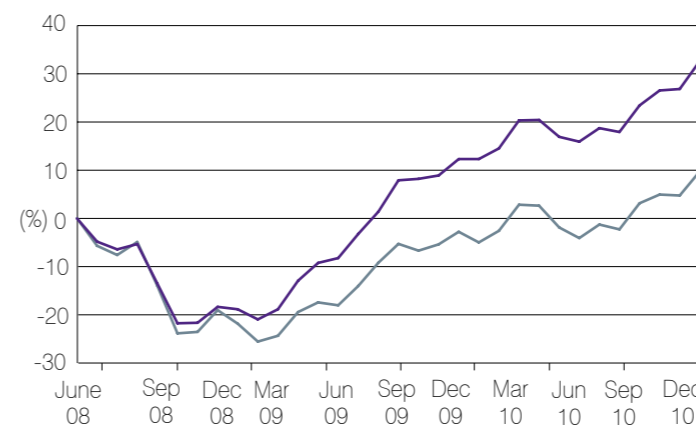
### Alternatives allocation at 31 December 2010



### Cash & fixed interest at 31 December 2010



### Performance percentage growth, UK basic rate, based in UK sterling, 2 June 2008 to 31 December 2010



■ Cirilium Moderate Fund (32.6%)  
■ IMA Balanced Managed (9.7%)

Source: Morningstar, mid-mid, net income reinvested.

### Cumulative performance to 31 December 2010

	Fund % change	Sector % change	Quartile‡
3 months	7.4	6.2	1st
6 months	14.5	14.1	2nd
12 months	18.1	12.5	1st
Since launch 02/06/08	32.6	9.7	1st

Source: Morningstar, mid-mid, UK sterling, net income reinvested.

### Discrete performance to 31 December 2010

	Fund % change	Sector % change	Quartile‡
30/12/2009 to 29/12/2010	18.1	12.5	1st
31/12/2008 to 30/12/2009	37.5	20.4	1st
31/12/2007 to 31/12/2008	n/a	-21.3	n/a
29/12/2006 to 31/12/2007	n/a	4.8	n/a
31/12/2005 to 29/12/2006	n/a	10.0	n/a

Source: Morningstar, mid-mid, UK sterling, net income reinvested.  
‡ 1st quartile means the fund is in the top 25% of funds in this sector.

Past performance is not a guide to future performance. \* See back cover.

# Cirilium Dynamic Fund

## Factsheet – December 2010

Henderson Global Investors, 201 Bishopsgate, London EC2M 3AE www.henderson.com/cirilium

### Fund aim

To achieve long-term capital growth through investment markets both in the UK and overseas. The portfolio will be diversified across asset classes, but with a maximum exposure of 90% to equities.

### Fund facts at 31/12/10

Launched	2 June 2008	Shares	Accumulation
Mid price (A shares)	63.92p	Fund charges*	Initial 5.00% Annual 1.50%
Fund size	£131.8m	Sedol number	B2Q8TV5
IMA sector	Active Managed	Bloomberg number	NSIDFRA

### Top five holdings at 31 December 2010

#### Equities

- Fidelity Special Values
- Berkshire Hathaway B
- Pacific Assets
- Alliance Trust
- Worldwide Healthcare Trust

**Total holdings 50**

#### Alternatives

- Polar Capital UK Absolute (Hedge)
- Terra Catalyst (Property)
- Graphite Enterprise (Private Eq)
- ARC Capital (Private Eq)
- Aseana Property (Private Eq)

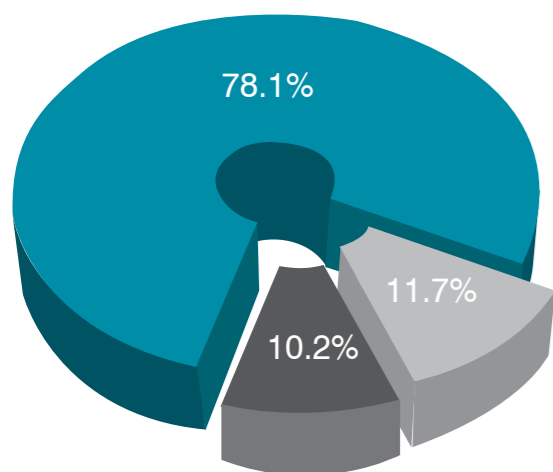
**Total holdings 12**

#### Cash & Fixed Interest

- Cash
- CG Dollar Fund
- Barclays FX Elements Fund
- Carador
- Electra 5% CULS

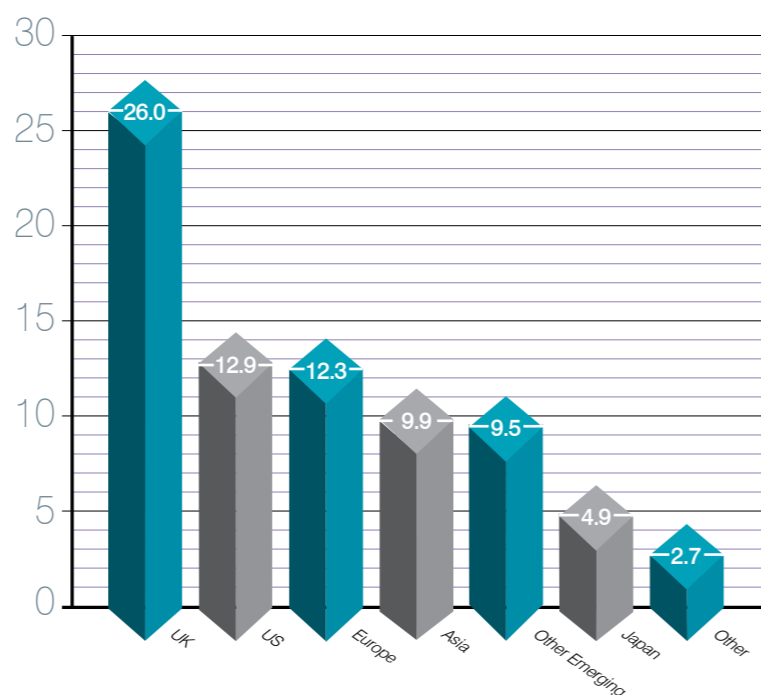
**Total holdings 11**

### Asset allocation at 31 December 2010

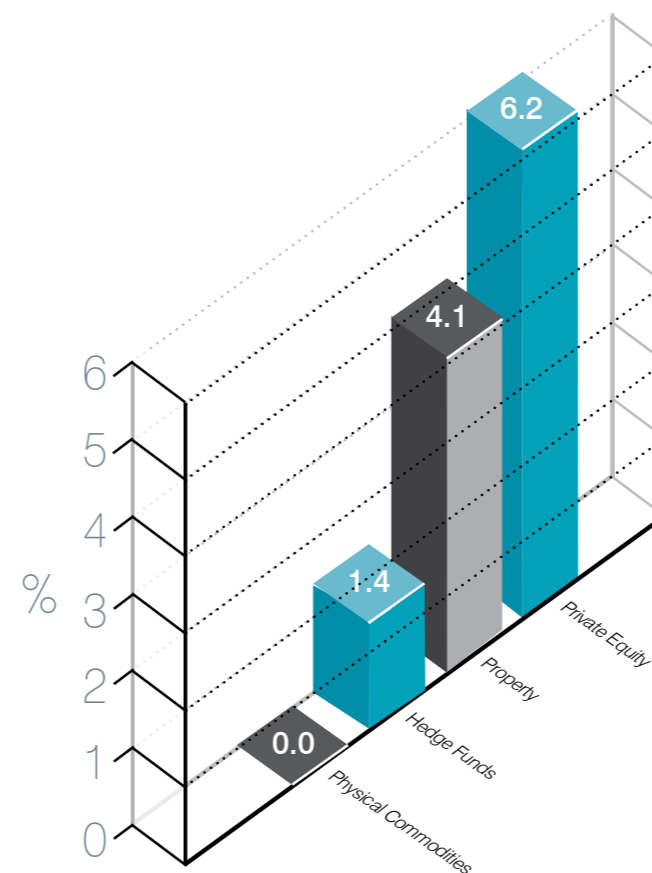


Equities Alternatives Cash & Fixed Interest

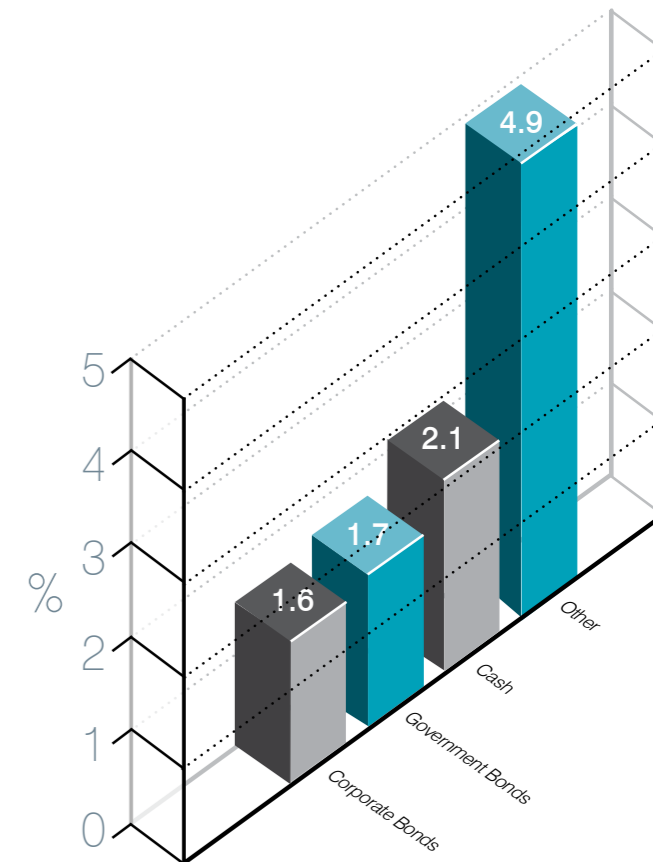
### Equity allocation at 31 December 2010



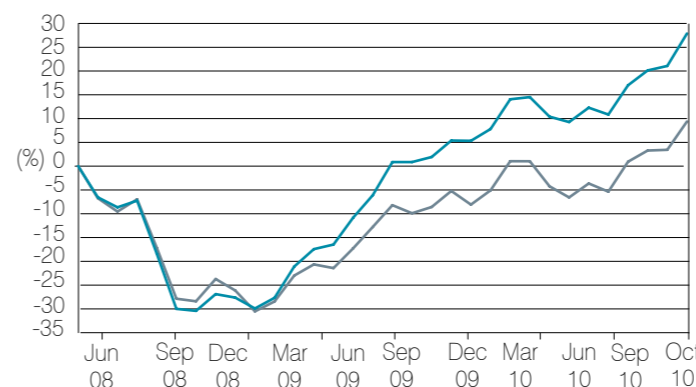
### Alternatives allocation at 31 December 2010



### Cash & fixed interest at 31 December 2010



### Performance percentage growth, UK basic rate, based in UK sterling, 2 June 2008 to 31 December 2010



■ Cirilium Dynamic Fund (27.8%)  
■ IMA Active Managed (9.3%)

Source: Morningstar, mid-mid, net income reinvested.

### Cumulative performance to 31 December 2010

	Fund % change	Sector % change	Quartile‡
3 months	9.3	8.6	2nd
6 months	17.0	16.8	3rd
12 months	21.3	14.9	1st
Since launch 02/06/08	27.8	9.3	1st

Source: Morningstar, mid-mid, UK sterling, net income reinvested.

### Discrete performance to 31 December 2010

	Fund % change	Sector % change	Quartile‡
30/12/2009 to 29/12/2010	21.3	14.6	1st
31/12/2008 to 30/12/2009	44.1	24.8	1st
31/12/2007 to 31/12/2008	n/a	-26.0	n/a
29/12/2006 to 31/12/2007	n/a	6.1	n/a
30/12/2005 to 29/12/2006	n/a	10.2	n/a

Source: Morningstar, mid-mid, UK sterling, net income reinvested.  
‡ 1st quartile means the fund is in the top 25% of funds in this sector.

Past performance is not a guide to future performance. \* See back cover.